



Performance-Based Contracting

Instruments used in conventional contracting methodology have been found to be of limited usefulness for achievement of specific results, mostly focusing on the process itself, instead of the desired outcomes. Performance-Based Contracting (PBC) enables the Employer to use results-based management on contract level, thus ensuring higher level of satisfaction of the users, reduced costs, improvement of infrastructure asset management practices and significant reduction of risks taken on-board. PBC is widely supported by the World Bank and other donors. This seminar presents a comprehensive course guiding participants from introduction to Performance-Based Contracting up to the implementation phase, giving them the set of necessary skills and tools for execution of PBC and hybrid Output and Performance-Based Contract (OPC).

PRACTICAL OBJECTIVES

- ✓ **Understand** performance-based approach and what you need for successful implementation of a performance-based contract.
- ✓ **Evaluate** feasibility of performance-based approach for your environment.
- ✓ **Identify** applicable service levels and data collection methods.
- ✓ **Design** successful performance-based contract to meet the stakeholders' needs.
- ✓ **Master** new approach for optimal infrastructure asset management.



TARGET AUDIENCE:

- Project Managers
- Project Planning Specialists
- Procurement Specialists
- Infrastructure Managers and Engineers

DURATION: 2 weeks

SEMINAR TOPICS

- **Introduction and Philosophy of Performance-Based Contracting:** Principles and rationale of using PBC. Structure of the contract. Switching from participation in execution to supervision – essentials of effective resource management. Positive motivation VS redundant control. Results and reporting requirements. The activity chain: requirements, outputs, outcome and impact.
- **Evaluation of Capacity and Feasibility of Piloting PBC:** Basic requirements and preconditions for successful PBC. Needs assessment of implementation agency. Capacity Evaluation of local market. Advantages and disadvantages of piloting OPC.
- **Basic Principles and Risk Allocation:** Responsibility for design. Types of activities. Balancing the contract to encourage competition. Win-win solution – i.e. what's in it for contractors? Payments under performance based contracts. Sphere of application.
- **Procurement of PBC and Selection of a Monitoring Consultant:** Assessment of scope and cost estimation. Drafting the bidding documents – World Bank standard bidding documents for OPC. Drafting contract conditions. Drafting terms of reference for a Monitoring Consultant.
- **Performance Indicators:** Indicator selection on highly contextualized basis. Service levels. Methods of measurement. Data collection and analysis. Payment adjustments. Case studies and best practices.
- **Contract Management and Supervision:** The "Do"-s and "Don't"-s for successful OPC. Level of involvement during implementation. Payment structure. Contract lifecycle and optimal phasing. Role of Monitoring Consultant and Contractor's self-control unit. Purpose and application of performance indicators and adjustments. Reporting obligations. Evaluation of results.